GOVERNMENT OF INDIA
AGRICULTURE AND FARMERS WELFARE
LOK SABHA

UNSTARRED QUESTION NO:2912
ANSWERED ON:15.03.2016
Difference between Sale Price and MSP of Agricultural Produce
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Will the Minister of AGRICULTURE AND FARMERS WELFARE be pleased to state:

(a) whether there is a vast difference between MSP of the agricultural products and their selling price in the markets;

(b) if so, the reasons therefor along with the reaction of the Government thereto;

(c) whether the farmers are getting low price for their crops/produce while the consumers are bound to pay more prices for the crops/produce due to the said difference; and

(d) if so, the steps taken by the Government to remove the role of middlemen so that the farmers could get more prices for their crops/produce and the consumers could get the agricultural products at low prices?

Answer

MINISTER OF STATE IN THE MINISTRY OF AGRICULTURE AND FARMERS WELFARE

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(a) to (d): The difference between farm gate/wholesale and consumer price depends on the type of marketing channels agricultural produce has passed through to reach the consumer. Government announces Minimum Support Price (MSP) for 23 agricultural commodities with the objective to ensure minimum remunerative guaranteed price to the farmers, while keeping the option open for them to sell in the markets, if prices are favourable. Stocks so procured at MSP under Price Support Scheme (PSS) are mainly distributed through Targeted Public Distribution System (TPDS) and other government schemes on subsidized rates. Alternatively, when farmers sell their produce in wholesale regulated markets under the Agricultural Produce Market Committee (APMC) system prevailing in the States and Union Territories, such produce normally passes through multiple handlings to reach the ultimate consumers, which is among the factors leading to increased consumer's price. This price gap between the farm gate and retail market price consequentially reduces farmer's share in consumer's rupee.

In order to enhance farmer's share in consumer's rupee and reduce levels of intermediation in the supply chain, specially where unnecessary, the Government is pursuing with the States to reform their respective marketing laws to, inter alia, promote direct purchase of agricultural produce from farmers at their farm gate and setting up of farmers' market, wherein farmers can sell their produce directly to consumers without involvement of middlemen. Further, Government has recently introduced a scheme "Promotion of National Agricultural Market (NAM) through Agritech Infrastructure Fund (ATIF)" to promote on-line trading of agricultural produce through a common e-market platform across the country. This will protect the interests of farmers by streamlining procedures and thereby reducing unnecessary intermediation, ensuring transparent auction processes, real time price discovery and online payment facility etc. and at the same time will ensure more reasonable prices for quality produce to the consumers.

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